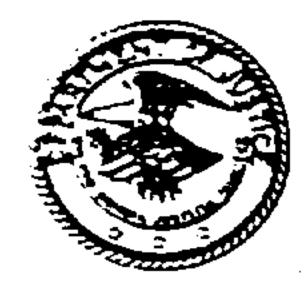
Memorandum



FRITO-LAY/EAGLE

60-2096-0002

PENDING **RWF**

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HALE PTACEK DOIDGE

FIELD

ROBERTS CASE CHRON

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Recommendation to Close Investigation: Subject

Frito-Lay, Inc.

April 23, 1998

60-2096-0002

Roger W. Fones, Chief Transportation, Energy and Agriculture Section

Nina Hale, Jill Ptacek, From Dick Doidge Transportation, Energy and Agriculture Section

Background and Summary

We opened this investigation in April 1996, on the strength of complaints from competitors that Frito-Lay, Inc. ("Frito") has exclusive contracts with retailers.

Nevertheless, competitors insisted that Frito was able to obtain sole supplier status in certain types of stores, such as convenience stores. As for other larger retail outlets, competitors claimed that Frito was currently dominating the shelf space, and engaging in constant efforts to obtain additional space, invariably at the expense of, and to the detriment of, its rivals. Competitors claimed that Frito's efforts were driving them out of business because reduced space meant reduced sales and increased costs.

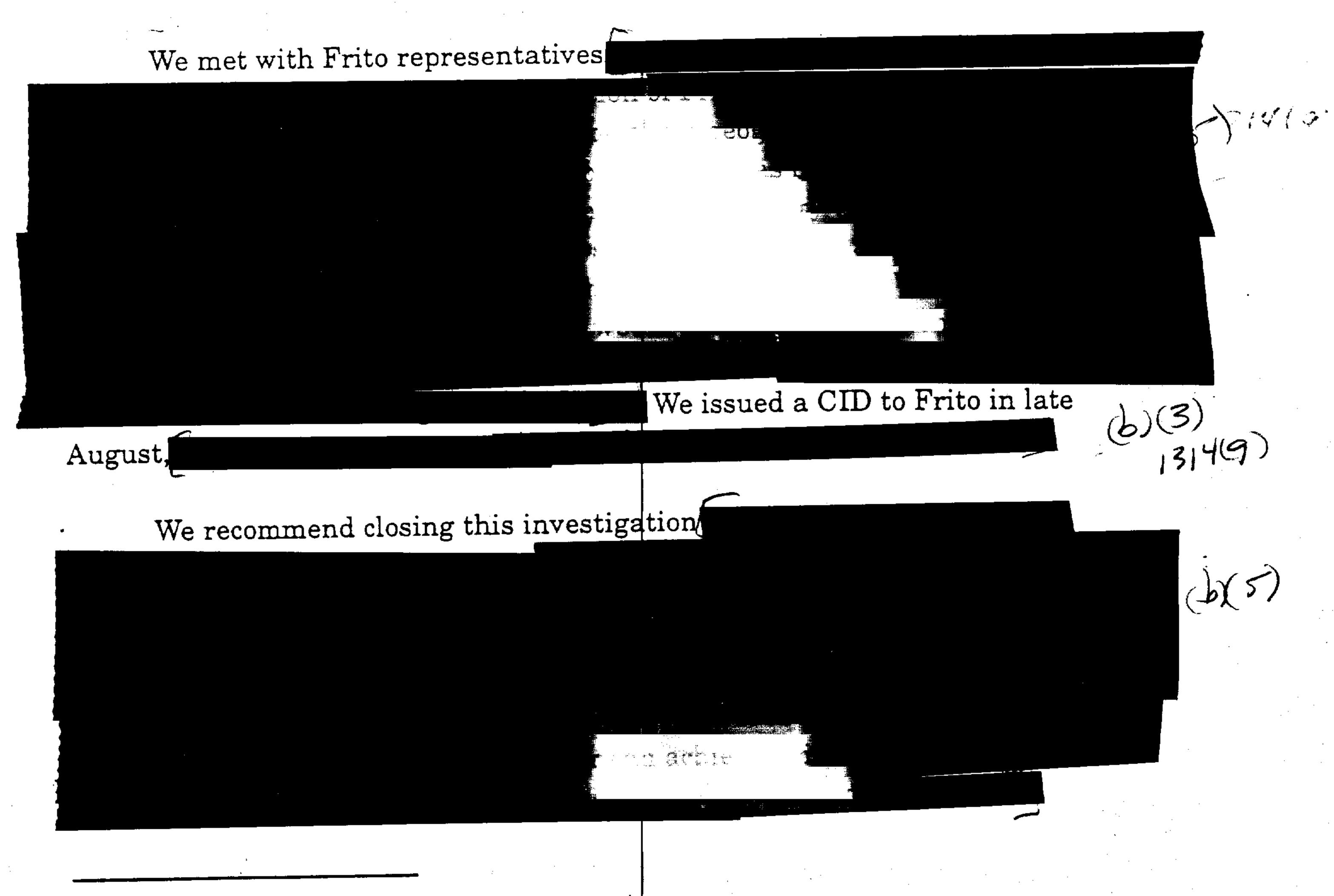
CLOSING AUTHORIZED, BY: CKROBINSON/emg; (RPDICK/emg;) GRSPRATLING/emg

CAPTIONED MATTER (S) CLOSED:

(b)(d)

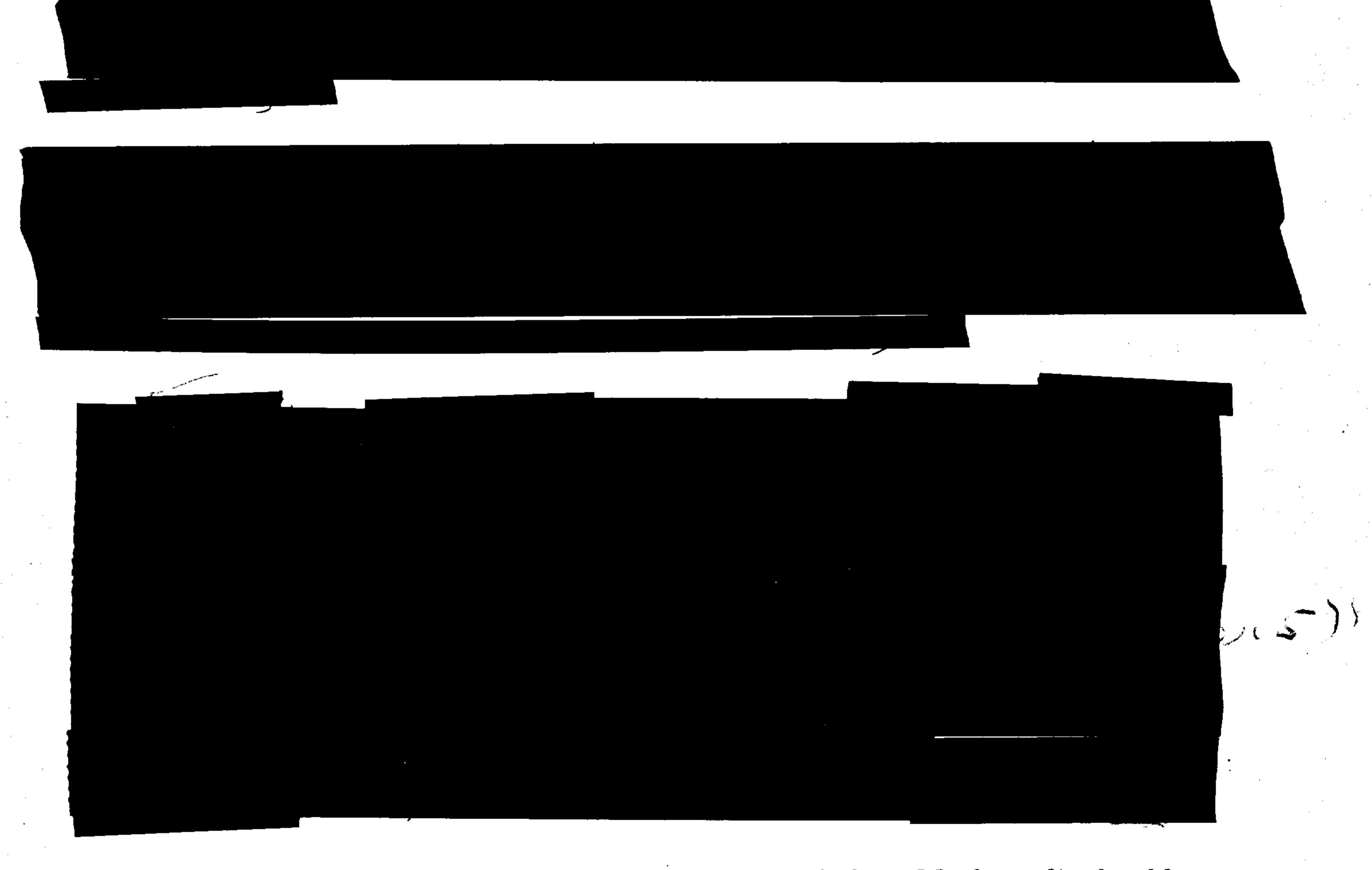
As a result, competitors

claimed, Frito would dominate this new product area.



Because this issue arose after we had opened our preliminary investigation into shelf space issues, we did not formally seek clearance from the FTC on this topic.

7(1)



The most promising of our theories are set forth below. Much credit should be given to Jill Ptacek and Dick Doidge, whose earlier memoranda contain somewhat deeper analysis and cover every possible theory we could come up with, however promising.

- II. Theories of Competitive Harm
 - A. Attempt to Monopolize/Monopolization

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Exempt under 3.4.5 + 70